

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF XTO ENERGY INC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO 15718

APPLICATION

XTO Energy Inc , (XTO) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N M Stat Ann § 70-2 17 for an order (1) creating a 320 acre spacing and proration unit comprised of the E/2 E/2 of Section 8 and the E/2 E/2 of Section 17 Township 25 South, Range 29 East NMPM, Eddy County New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation Willow Lake Bone Spring, Southeast (Pool Code 96217) underlying this acreage In support of its application XTO states

1 XTO Energy Inc (OGRID No 5380) is a working interest owner in the non-standard spacing and proration unit and has the right to drill thereon

2 XTO proposes to dedicate the above referenced spacing and proration unit as the project area for its proposed **Corral Canyon Federal Com No 16H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 5 (Unit P) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 17

3 The Division's district office has placed this well in the Willow Lake, Bone Spring, Southeast (Pool Code 96217), which is subject to the general statewide rules The

completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19 15 15 NMAC

4 XTO has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit

5 The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights

6 In order to permit XTO to obtain its just and fair share of the oil and gas underlying the subject lands all mineral interests in this non-standard spacing unit should be pooled and XTO Energy Inc should be designated the operator of this proposed horizontal well and spacing unit

WHEREFORE, XTO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 8 2017 and, after notice and hearing as required by law the Division enter an order

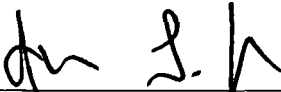
- A Creating a 320 acre non standard spacing and proration unit in the Bone Spring formation Willow Lake Bone Spring Southeast (Pool Code 96217) comprised of the E/2 E/2 of Section 8 and the E/2 E/2 of Section 17, Township 25 South Range 29 East NMPM Eddy County New Mexico
- B Pooling all uncommitted interests in the non-standard spacing and proration unit
- C Designating XTO Energy Inc operator of this non standard spacing unit and the horizontal well to be drilled thereon
- D Authorizing XTO to recover its costs of drilling, equipping and completing the well,

- E Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures and
- F Imposing a 200% penalty for the risk assumed by XTO in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well

Respectfully submitted

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By



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ATTORNEYS FOR XTO ENERGY INC

CASE 15718

Application of XTO Energy Inc for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico
Applicant in the above styled cause seeks an order (1) creating a non standard, 320-acre spacing and proration unit comprised of the comprised of the E/2 E/2 of Section 8 and the E/2 E/2 of Section 17 Township 25 South, Range 29 East, NMPM Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation Willow Lake Bone Spring Southeast (Pool Code 96217), underlying this acreage Said non-standard unit is to be dedicated to applicant s proposed **Corral Canyon Federal Com No 16H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 5 (Unit P) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 17 The completed interval for this well will remain within the 330 foot standard offset required by the rules Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision designation of XTO Energy Inc as operator of the well and a 200% charge for risk involved in drilling said well Said area is located approximately 6 miles southeast of Malaga, New Mexico